

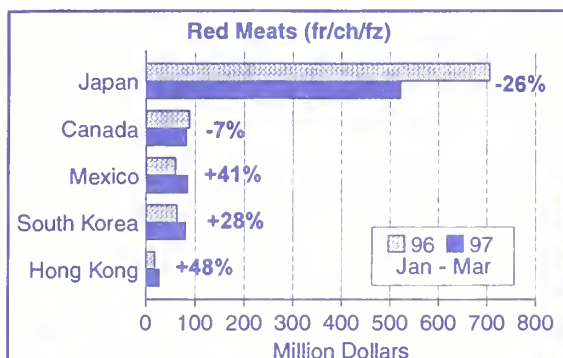
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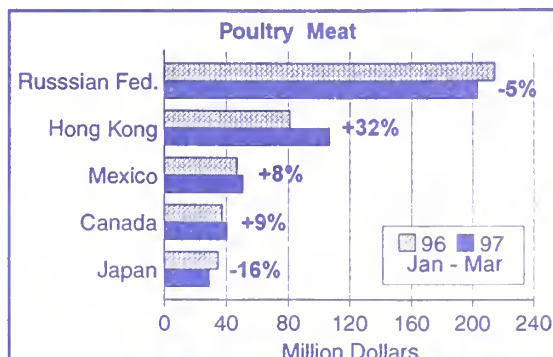
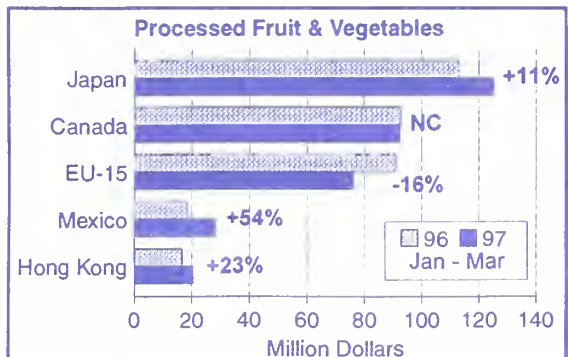
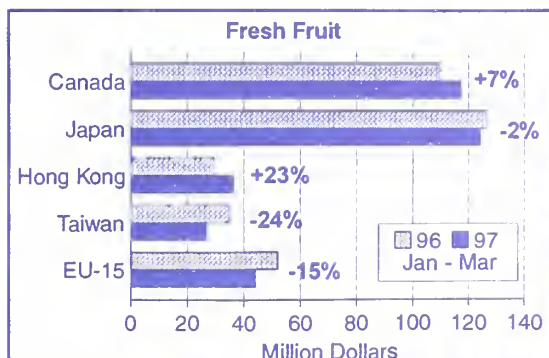


Agricultural Trade Highlights

Consumer Food Trade Trends...



Top Five Markets



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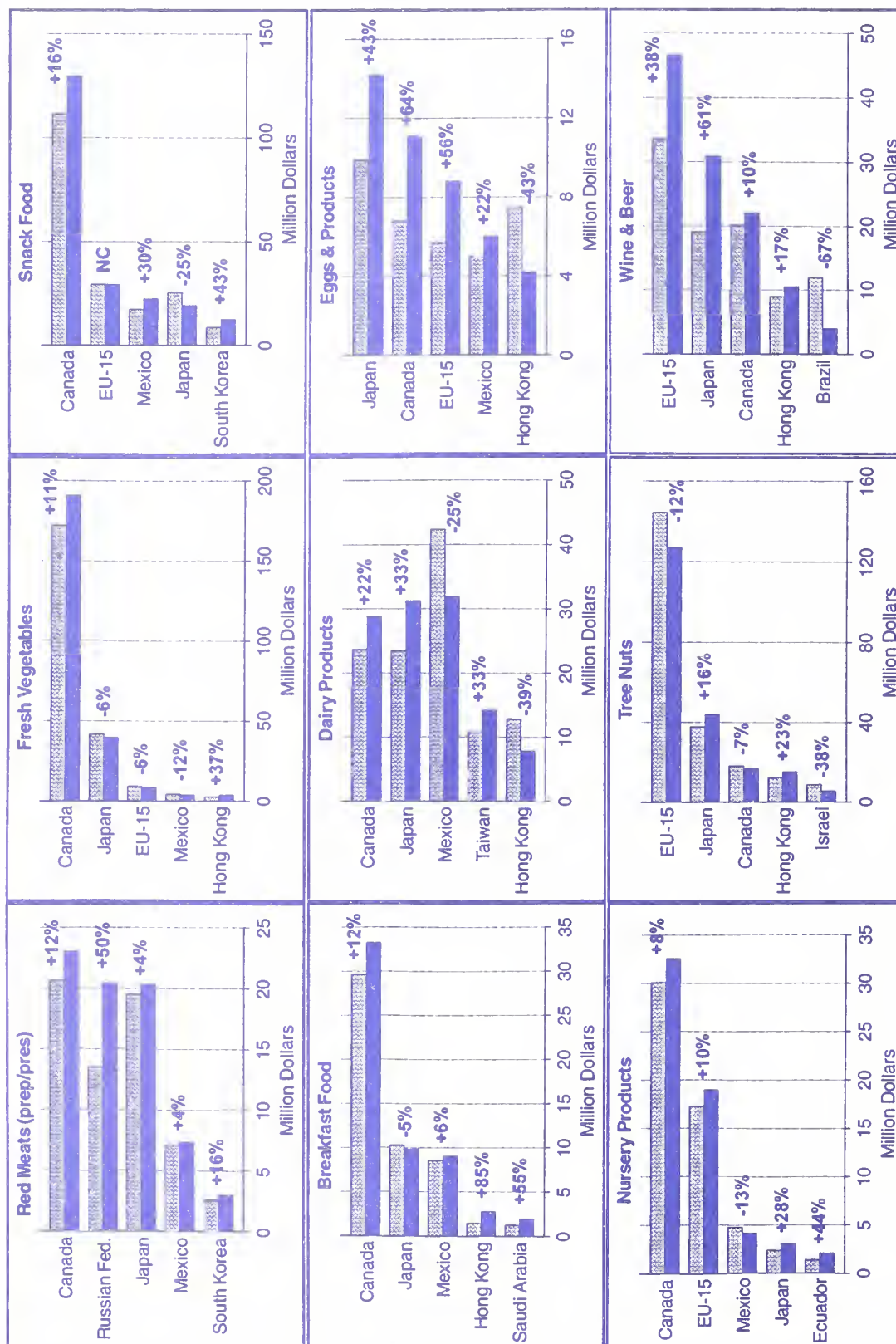
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Top Five Markets for Selected U.S. Consumer Foods

January - March Comparisons

CY 96 CY 97



Note: Percentages are computed as the change from 1996 to 1997.

Feature: Pacific Rim Consumer Market Dynamics

The Pacific Economic Cooperation Council (PECC) Third Food and Agriculture Forum met in Hong Kong October 29-31, 1996. The Conference focused on the theme, "Building the Pacific Food System: Refrigeration and Distribution." A panel, consisting of Terrence Barber, Karen Halliburton and Robert Tse from USDA set the stage for the conference with a presentation on Pacific Rim Consumer Market Dynamics. The panel linked the growth of trade in refrigerated food products to rising consumer demand and development of the refrigeration channel infrastructure in Asia. A purpose of the PECC Conference on Refrigeration and Distribution was to create a nexus between consumer market dynamics, the agri-business commodity system, and the industrial refrigeration sector. What follows are excerpts from the transcripts of those proceedings.

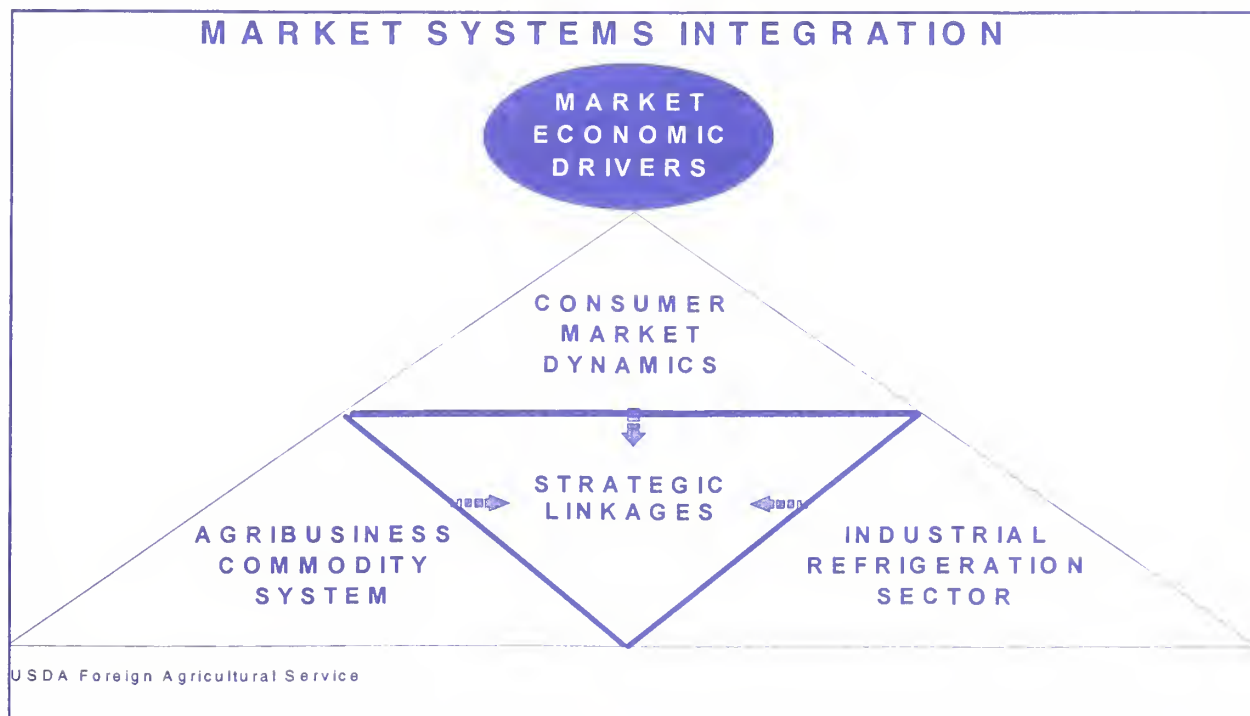
The PECC is made up of 22 national committees representing nations bordering both sides of the Pacific Basin. It serves as a forum for policy recommendations to governments and allows interactions between business leaders of the region and public officials. The PECC Member Committees are: Australia, Brunei, Canada, Chile, China, Colombia, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Pacific Islands/South Pacific, Peru, the Philippines, Russia, Singapore, Chinese, Taipei, Thailand, the United States, and Vietnam.

Global Consumers Pull Through Retail Channels

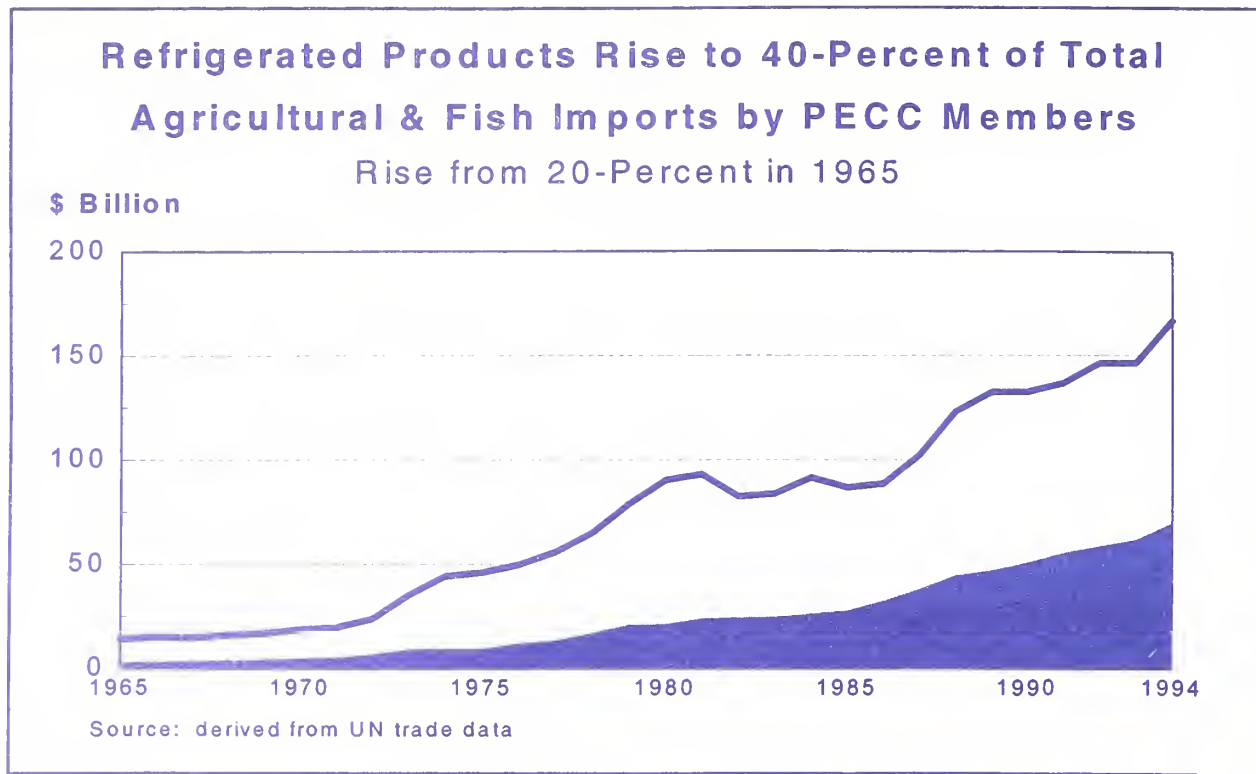
...We hope to achieve in the next few days...a deepening of the friendship among our peoples, among the leadership within the business community, public sector and academia so we can address...an unprecedented challenge and an equally unprecedented

opportunity. That opportunity is to develop regional public/private cooperation towards consumer market systems development ensuring the reliable supply of safe high quality food for the burgeoning consumer populations of the Pacific Rim towards the 21st century.

Looking forward, however, there is no doubt that there is a burgeoning middle class...a tremendous opportunity



...Pacific Rim Consumer Market Dynamics



exists to integrate consumer needs with the participants of this vertically integrated agribusiness system within the Pacific Rim and then with our partners in the industrial refrigeration sector.

The agribusiness commodity system...is an integrated vertical chain that connects the agricultural producer through to the global consumer. Farmers, processors, handlers and then the retail-wholesale market channels provide input, but the main point is that the global consumer is pulling through this system and that is where we begin.

At the same time, there is a need to recognize....a partner to the food system and that is the industrial refrigeration sector. Design and installation of a customerservice system includes just-in-time inventory management, as well as recognizing the emerging needs of a changing consumer base which is best met through the industrial refrigeration user, the retailer/warehouser, food processor and transportation sector.

Ultimately, what is this consumer market dynamic that includes the middle class, the lifestyle changes, the

demographic changes? The time, and then the technology including refrigeration, allows us to take advantage of these opportunities.

Higher Incomes Spur Changing Diets and Sophisticated Consumers

...Looking a little bit more in depth at the changing dynamics of the consumer markets in Asia...statistics show about half of the world's population living in cities. By the year 2025, it's estimated that number will rise to two-thirds...a middle class (defined as having purchasing power income of US\$10,000-\$40,000) is growing throughout Asia, and that middle class is able to afford higher value foods. There are issues important to the population as a whole such as concerns for safe, affordable food products.

Taking a look at changing diets, for instance, you have the development of access to a diet with more fruits and vegetables, more meat products with many of these items being purchased through fast food type restaurants. Western style restaurants have grown in popularity everywhere on the globe now...giving greater access to more processed foods, chilled and frozen

...Pacific Rim Consumer Market Dynamics

foods. You also have the development of supermarkets and even hypermarkets that are more common in the West.

Consumers are getting more sophisticated--a result of more working women. More women in the workplace means more of a demand on their time from work schedules, as well as the pressures and demands of family at home, so there is a greater need for convenience. Again, convenience foods are processed foods, many requiring to be chilled and frozen. With greater demands from family for the working women, there is less time to prepare meals at home. More meals are being eaten out and that relates back again to the development of restaurants.

...Looking at income growth throughout Asia compared to the world as a whole, the Asian market has been growing at a much higher rate over the past five or so years than the rest of the world, particularly the emerging markets. That relates...to the ability of this middle class to afford these (consumer food) products, as well as the development of the infrastructure...in those countries.

Consumer food products...have grown over the last 20 to 30 years to account for about half of the total agricultural imports of the PECC member nations. ...Focusing in on the East Asian members if the PECC community, we again see consumer foods growing to roughly half again of the total import picture.

Cold Chain Development Will Expand Opportunities for Consumer Foods in Asia

...When we look at PECC member nations and we look at refrigerated products, including fish, we clearly see a sharp rise over the last 30 years to about 40 percent of total agricultural trade. Refrigerated products represented about \$70 billion of imports by PECC member countries of fish and agricultural products in 1994, 42 percent of the total being fish.

The second largest category (behind fish in the refrigerated category) is meat, including beef, pork and poultry. Looking at the composition of refrigerated products...over the last 10 to 20 years, there was a sharp rise in trade and imports of meat. This reflects...rising incomes in PECC member nations. It also reflects changes in refrigeration infrastructure

where it has become possible to ship meat products over long distances through developments in refrigeration technology.

If we look at East Asia on a regional basis, including Japan, we see the transition...the rise of refrigerated products--accounted for mostly by fish. A quarter of that trade is meats, and there is a rise in horticultural products. In 1994, East Asia imported \$37 billion of refrigerated products...with the biggest shift occurring over the last 20 years (from 1974 to 1994).

If we look at South East Asia, they are the high income, high percentage growth markets, but they are still developing. They are not as far along in terms of absolute level of incomes as East Asia, nevertheless, we see a reflection here of trade in refrigerated products into those markets at a lower percentage level. The composition is a little bit different than what you have seen in East Asia because, in this case, horticultural products represent the largest amount--41%--with a smaller amount for fish products. But at the same time, over the last 10 years you see a rise in imports of meat into South East Asia. It is only \$4 billion, much lower than in East Asia.

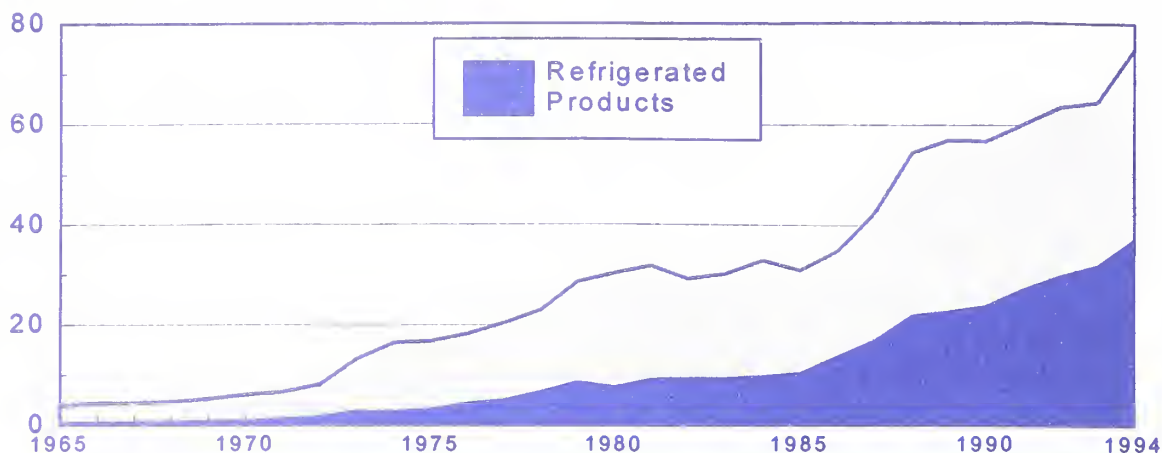
What that tells you is that there is a potential for growth into that region becoming more similar to the East Asia example. It also tells us that there is a lot of room for work for developing the refrigeration and transportation infrastructures so markets can grow in those areas.

...Pacific Rim Consumer Market Dynamics

Refrigerated Products Rise to 50-Percent of East Asian Agricultural & Fish Imports

Rise from 20-Percent in 1965

\$ Billion

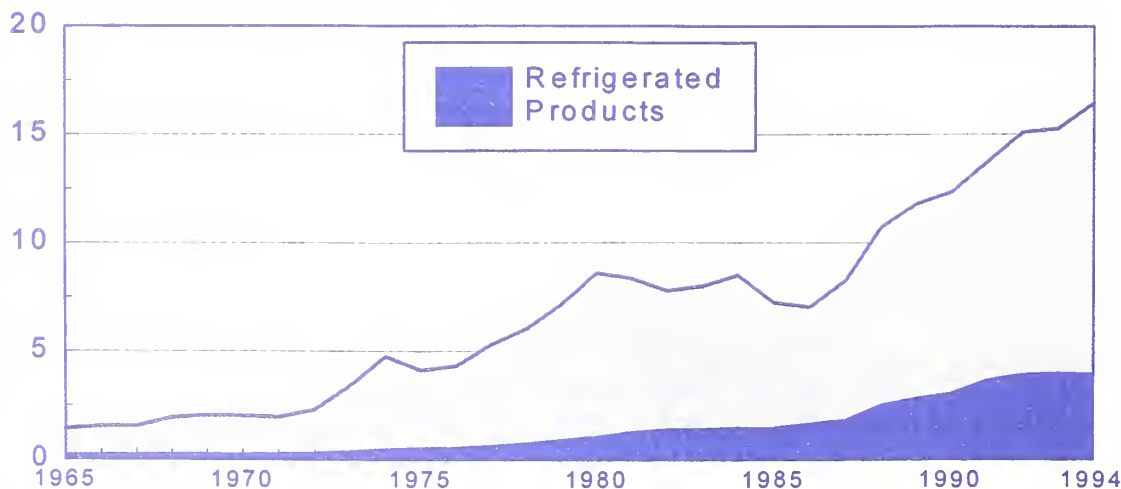


Source: Derived from UN trade data

East Asia: China, Japan, South Korea, Taiwan, Hong Kong & the Philippines

Refrigerated Products Rise to 24-Percent of South East Asia Ag & Fish Imports

\$ Billion



South East Asia: Brunei, Indonesia, Kampuchea, Laos, Malaysia, Philippines, Singapore, Thailand & Vietnam

Channel Spotlight: Cold Chain in China

The following is an excerpt from a panel discussion on market dynamics in China that occurred during the Pacific Economic Cooperation Council Food and Agriculture Forum in Hong Kong in October of 1996. The speakers are: Robert Tse of the Foreign Agricultural Service/USDA and Robert Barrett of Coopers & Lybrand, China.

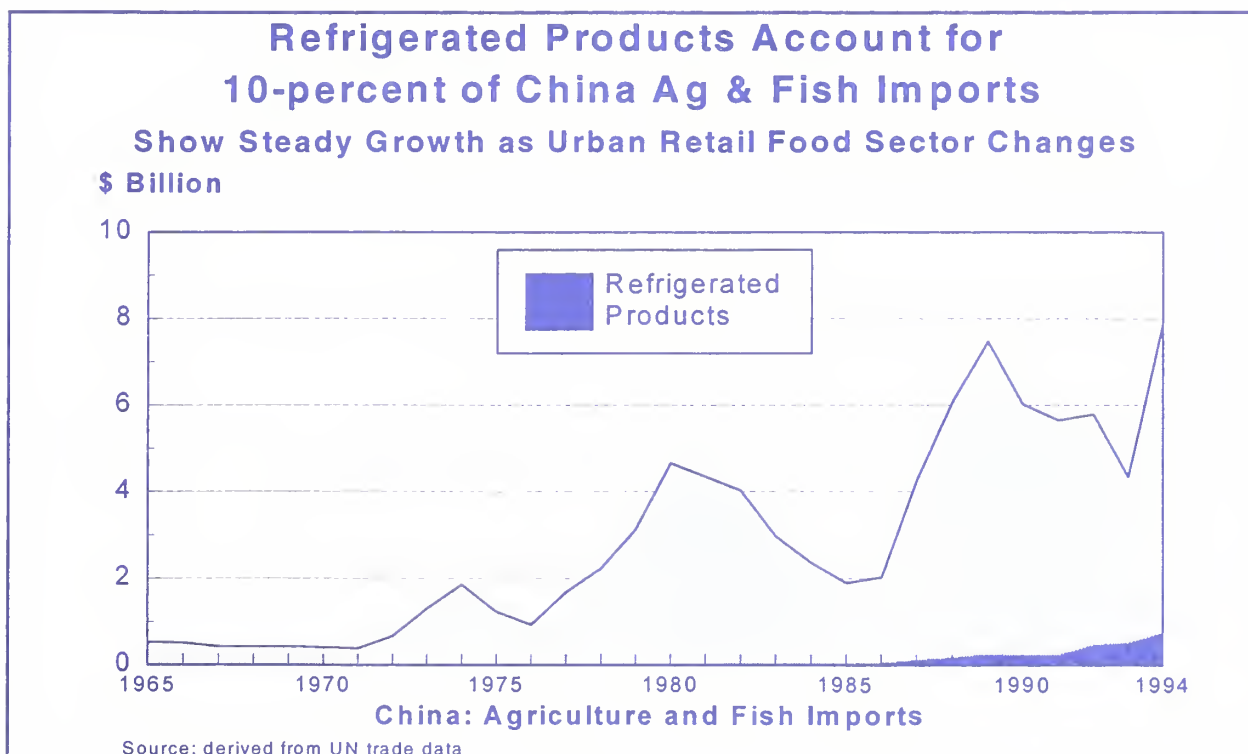
We are seeing now in China, with the development of new middle class, a shift in trade throughout the region. Looking at overall...agricultural imports by China, the majority of the trade is in bulk and intermediate products. A very small amount is consumer food imports and if you take a closer look over time, it is still a very small amount. But it is growing rapidly, and especially in the last ten years, we've seen a 450 percent increase in China's consumer food imports, a reflection of the new prosperity and the new middle class in China. And the import numbers get up to about \$500 million in 1994.

Now, if we look at refrigerated foods, we also see growth. And while that's a small number of about 10% of imports--hereagain it's mostly fish. But what is also denoted is a sharp rise in meat imports. And that again is a reflection of changes in diet and rising incomes.

When you look at China and this 1.2 billion person market, it isn't really a 1.2 billion person market just yet. When we look at it in terms of a market, we are

talking of this new middle class for which the estimates can run from 100-300 million persons located primarily in the cities. What is important to note is that this middle class and the spending that is going on there is also going to pull up, in terms of the flow of money, other sectors of the economy when we see the developments in the food sector.

China's official per capita GDP is around \$600/person; that is not a lot of income, not if you look at some other GDP numbers in the region--\$1,900, \$2,300, \$2,400 in different countries. It is hard to really measure in terms of official and nonofficial statistics. Another way to look at the numbers is through...surveys that have measured the percent of the population in the middle class. If you look at Shanghai, some of those surveys show 25 percent, in Guangzhou, 38 percent. Another way, and it is relevant here since we are focused on refrigerated products, is to look at the percent of urban households. You see over 64 percent in 1995, and some of the numbers are as high as 90-95 percent.



...Cold Chain in China

Now as far as refrigerated products, and you can have this debate over which came first, the chicken or the egg, the refrigerated products or the refrigerators. Well, in this case, it appears that the refrigerators came first to develop the market.

What we've seen in terms of market trends in China is that the new middle class is brand name conscious. We see the introduction of frozen chicken replacing fresh chicken in many markets. We see the spread of fast food restaurants indicating a change in diet and a change in food venues. The thing that is the most interesting to look at in China in terms of this retail food revolution is the change from traditional ways of shopping in wet markets--which is still the way the majority of people in the country shop--to supermarkets and hypermarkets.

Food Retailing Evolves Rapidly in China

You can divide retailing up into three levels; the traditional wet market (i.e., Guangzhou, which is still where most people in the country shop, but which is in transition now), grocery store (defined as counter shopping where you make your purchases at each counter--note that these are not refrigerated products), and supermarkets (which are recent developments in China--ten to twelve years old for the most part and growing rapidly).

In the supermarkets there is a rapid expansion in the number of frozen food compartments. There is also a rapid expansion of the types of food on the shelves. Two years ago you found basically dairy products and Chinese Dim Sum; now you see a whole range of prepared and packaged goods.

The ready-to-cook meals which we didn't see a couple of years ago are an indication of the importance of time. Incomes have gone up and time has become more valuable. For people having income and the lack of time to prepare foods, ready-to-cook meals come as a new product. You can't have this, however, without a cold chain that works throughout the whole system.

And not only do we see the development of supermarkets, but we also see the development of hypermarkets. If we look at China in the last 10 years, and the development of supermarkets and hypermarkets, that's a development that took 50 years

in the United States to occur. In Japan, it took 40 years. The pace of change in this regard is much faster in China.

These developments are occurring and we have an opportunity because of these new markets, not only in China, but throughout the Pacific Rim. The opportunity is to take advantage of these changes, and also to speed up these changes so that the spread of higher quality, refrigerated products can get to the populations throughout the world.

We see that a huge distribution of the population is on the eastern seaboard...where the majority of the wealth is placed as well. It is a compelling market opportunity for these reasons. The per capita GDP's, while they might not appear large by Western standards, are actually much larger than we might think because of the fact that the Chinese spend far less on things like healthcare, housing and transportation than we do in the West. We all know that in the U.S., those three categories add up to 45 to 50 percent of our income, whereas in China those three account for about 5 percent of their income. So there is actually a lot of buying power. And if you convert that into the fact that the households are actually multi-person, there is actually a lot of buying power within the individual household in China--especially centered on that central eastern seaboard and southern eastern seaboard region (i.e., Guangzhou and Shanghai).

...Looking at China in relation to the other Southeast Asian marketplaces, with 95 cities of a million people or more, it presents a compelling distribution opportunity. Ninety-five cities represent a substantial scale in terms of the distribution environment. And yet it is...not an easy market to access.

"He Who Wins Distribution Wins China"

Distribution is really a concern for multinationals doing business in China. One executive I spoke with summarized it this way, "He who wins distribution wins China." And we can see that it is a big win.

If we look at the evolution of the multinational players, we see that in the beginning they were concerned with the strategic concerns, the entry concerns of where do I position myself in terms of pricing. This has evolved over time as to how do I make money out of this? How

...Cold Chain in China

am I going to get operating profits? But what they have come to recognize is the burden that asset performance puts on their ability to generate profits from the business. I think that if you look at the amount of working capital that is tied up in a business in China, it can really put a strain on the business' profitability. And the drivers of that working capital will actually be a key point in improving your profitability.

So, if we think about supply chain as a major driver of asset performance, let's think about types of issues that multinationals actually face in managing that supply chain. We have access issues. As foreign-owned entities, there are a lot of restrictions placed on you in terms of how you can distribute in the country. If you are a foreign-owned entity, you can't, in fact, distribute products in China to the populace. You can distribute within your own supply chain, but unless you actually add value to the product, you cannot distribute the products within China. So you have to figure out ways to partner with people who have that sort of access.

The quality of the cold storage is not as we might like it to be frequently. The infrastructure between cities is evolving, improving actually quite a bit.

Working capital is a big issue, and if we look back the other way, credit is a major issue as well. One thing (and this is not isolated to the supply chain), but process is not entirely controllable. Those tend to come through technology--computers, systems, those sorts of things--but also in terms of human resources as well. Technology is something you find quite easily in China right now--there are computers in terms of cold store--they do exist.

But what we want to focus on here is how can I take these issues and turn them into keys to success. How do I use these as levers to control the supply chain, because again, that is going to have a huge bearing on how successful you are going to market in China.

Multinationals end up with a lot of money tied up in the process--up to 70% of sales. Uncontrollable factors, such as transportation, make it difficult to rely on the current systems. So what do we do? It is critical to success to evolve from a relatively regional, simple business to something that has built scale because you have invested in the infrastructure. Trucking, while it

is substantially more expensive, can be more effective in terms of reliability to distribute products.

Your ability to focus regionally in terms of the depots and distribution centers allows you a substantially greater amount of control which is essential in terms of...the cold chain. If you are in desperate need to control the quality and the temperature aspects of that supply chain, you have to find out ways to maintain control of that supply chain...you can't do it by distributing yourselves, you have to rely on partners--distributors and wholesalers--who can do it for you.

The last model I would like to discuss, which increasing numbers of companies are looking at, examines the network of canals and main waterways for product distribution to get away from the congestion that one faces on the roadways and railways, and use of the big, open spaces on the oceans. We see this not only with dry-good manufacturers, but also with refrigerated manufacturers who are using these means of transport as well. So not only are we using the canals and main waterways to import from places like the U.S., Australia and Europe, but also between Guangzhou, Shanghai and Beijing.

These are the sorts of things you need to think about. Yes, China might be emerging, but it is emerging much faster than anything we've seen. The amount of fragmentation in the retail marketplace is quickly being eaten up. There is a huge amount of growth in the retail sector and the need to get that chilled product there is also evolving quickly. The technologies are there and it is just the need to invest and be patient.

Tips for Doing Business in China

The lessons I'd like you to take away from this are as follows:

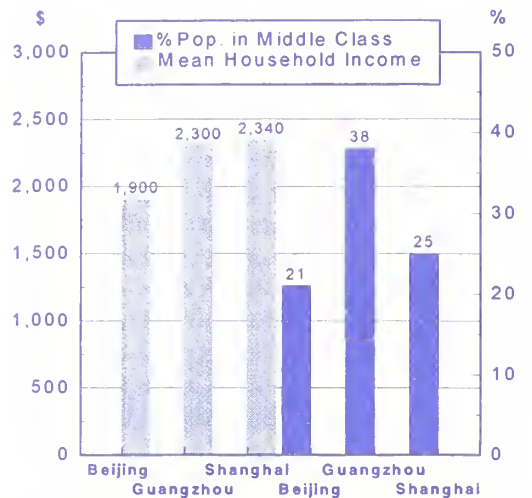
- How can I use those challenges to a competitive advantage? If you want to be successful, focus on key regions, set up the relationships in those regions, and the models, to be successful.

- Try to limit your range of products. What we find is that if you try to go ahead with a full product line, you tend to run into difficulties with both inventory and the ability to turn that product over. So, if you limit your product line and focus regionally, you are likely able to

...Cold Chain in China

China: Targeting the Middle Class

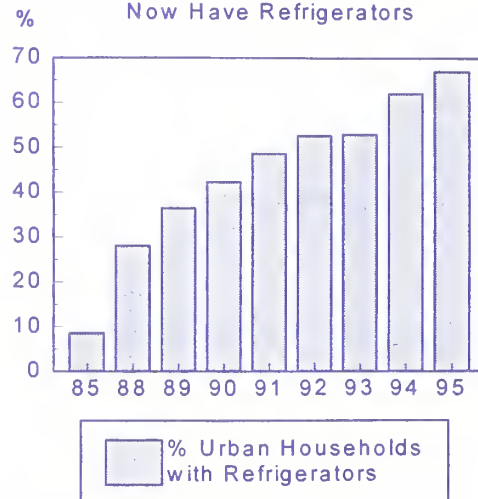
Urban Areas Have Highest Income but Spread of Refrigerators Better Gauge of Rising Affluence



Actual Income Higher Than Official Figures

Source: Mean Household Income 1994 NY Times Magazine Feb 18, 1996 p. 26

Most Coastal Urban Households Now Have Refrigerators



build your infrastructure and systems around your distribution business, and in the future that should allow you to bring in new products more effectively.

-Gaining control is another topic I'd like to talk about, using the example of an ice cream manufacturer in Shanghai--actually purchasing the technology and giving it to their distributors. That gives them a lot of leverage. So they're actually making the investment up front in terms of their quality cold chain infrastructure. They are giving it to the distributors, but they don't actually give them a substantial amount of control.

-Your ability to use working capital and credit is a key issue because cash is not exactly free-flowing through China's enterprises. Your ability to extend working capital, to pay your retailer more quickly, all of these things will give you a tremendous competitive advantage and an amount of control over your supply chain.

-And also build equity. This is something that Coca Cola has done--their ability to gain control over their distribution through equity. We know that control in the West is 51 percent or 50.9 percent. In China you

have to be in the 80 percent and above region to have control over the decisions that are made in the supply chain.

-In terms of the investments in hard infrastructure, you can gain competitive advantage by putting it in place and making investments in it early on--using it as leverage. Also, in terms of soft infrastructure, you must invest in training the people, setting in place the processes that will allow you to gain success. And also, a huge investment in pure patience tends to pay off as well.

-So I will leave you with the fact that, yes, China is a compelling marketplace. Yes it has some barriers, but all those barriers can be overcome. But it is not as emerging as you might think. Most of the players are already there now and it is a very competitive marketplace. So your ability to be original and make the investments is going to have a huge bearing on how successful you are.

U.S. Agricultural Export Value by Region

Monthly and Annual Performance Indicators

	March			October-March			Fiscal Year		
	1996	1997	Chg	FY '96	FY '97	Chg	1996	1997(f)	Chg
	-- \$Billion --			-- \$Billion --			-- \$Billion --		
Western Europe	0.888	0.982	11%	5.705	5.793	2%	9.275	9.3	0%
European Union 1/	0.849	0.900	6%	5.502	5.549	1%	8.913	9.0	1%
Other Western Europe	0.039	0.082	109%	0.203	0.243	20%	0.363	0.3	-17%
Central & Eastern Europe	0.024	0.016	-35%	0.212	0.209	-1%	0.399	0.4	0%
Former Soviet Union	0.136	0.105	-23%	0.902	0.874	-3%	1.650	1.9	15%
Russian Federation	0.072	0.088	23%	0.634	0.688	9%	1.235	1.5	21%
Asia	2.479	2.153	-13%	13.947	13.344	-4%	25.959	24.3	-6%
Japan	1.079	0.931	-14%	6.055	5.639	-7%	11.873	11.4	-4%
China	0.220	0.145	-34%	1.208	1.225	1%	1.816	2.0	10%
Other East Asia	0.807	0.717	-11%	4.172	4.239	2%	8.165	7.5	-8%
Taiwan	0.271	0.277	2%	1.441	1.448	0%	2.924	2.6	-11%
South Korea	0.422	0.297	-30%	1.965	1.984	1%	3.710	3.3	-11%
Hong Kong	0.115	0.143	24%	0.765	0.807	5%	1.531	1.6	5%
Other Asia	0.372	0.361	-3%	2.511	2.240	-11%	4.104	3.4	-17%
Pakistan	0.042	0.065	56%	0.291	0.240	-18%	0.394	0.3	-24%
Philippines	0.066	0.096	45%	0.453	0.452	-0%	0.904	0.7	-23%
Middle East	0.278	0.179	-36%	1.444	1.233	-15%	2.537	2.1	-17%
Israel	0.065	0.037	-43%	0.331	0.295	-11%	0.626	0.5	-20%
Saudi Arabia	0.081	0.044	-46%	0.330	0.283	-14%	0.579	0.5	-14%
Africa	0.231	0.140	-39%	1.641	0.988	-40%	2.952	2.1	-29%
North Africa	0.160	0.068	-57%	1.163	0.590	-49%	2.071	1.4	-32%
Egypt	0.089	0.033	-63%	0.764	0.367	-52%	1.418	1.0	-29%
Algeria	0.035	0.015	-57%	0.195	0.116	-41%	0.313	0.3	-4%
Sub-Saharan Africa	0.071	0.072	1%	0.478	0.398	-17%	0.881	0.7	-21%
Latin America	0.897	0.800	-11%	4.821	5.078	5%	9.920	9.8	-1%
Mexico	0.486	0.409	-16%	2.327	2.525	9%	5.005	5.5	10%
Other Latin America	0.411	0.390	-5%	2.494	2.553	2%	4.915	4.3	-13%
Brazil	0.027	0.035	29%	0.274	0.269	-2%	0.577	0.5	-13%
Venezuela	0.058	0.055	-5%	0.218	0.281	29%	0.446	0.4	-10%
Canada	0.499	0.559	12%	2.881	3.195	11%	5.988	6.2	4%
Oceania	0.032	0.042	33%	0.226	0.247	9%	0.476	0.4	-16%
World Total	5.464	4.975	-9%	32.072	31.241	-3%	59.795	56.5	-6%

Note: 1/ EU-15 includes the newest member states of Austria, Finland and Sweden.

FY 1997 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published February 24, 1997.

U.S. Exports of Agricultural, Fish & Forest Products by Major Group

Monthly and Annual Performance Indicators

Export Values	March			October-March			Fiscal Year		
	1996	1997		FY '96	FY '97		1996	1997(f)	
	-- \$Billion --		Chg	-- \$Billion --		Chg	-- \$Billion --		Chg
Grains and Feeds 1/	2.020	1.343	-34%	11.030	8.913	-19%	21.553	16.2	-25%
Wheat & Flour	0.625	0.264	-58%	3.446	1.960	-43%	7.032	3.6	-49%
Rice	0.071	0.074	5%	0.541	0.578	7%	1.004	1.0	-0%
Coarse Grains 2/	0.960	0.626	-35%	4.909	4.190	-15%	9.338	7.3	-22%
Corn	0.859	0.546	-37%	4.361	3.732	-14%	8.369	6.4	-24%
Feeds & Fodders	0.247	0.230	-7%	1.365	1.362	0%	2.627	2.7	3%
Oilseeds and Products	1.015	1.057	4%	5.837	7.414	27%	9.670	10.7	11%
Soybeans	0.728	0.544	-25%	3.965	4.961	25%	6.312	7.1	12%
Soybean Cakes & Meals	0.123	0.212	72%	0.668	1.113	67%	1.305	1.5	15%
Soybean Oil	0.018	0.075	315%	0.199	0.341	71%	0.272	0.5	84%
Other Vegetable Oils	0.073	0.077	5%	0.497	0.393	-21%	0.836	N/A	NA
Livestock Products	0.679	0.635	-7%	4.078	3.727	-9%	8.067	8.5	5%
Beef, Pork & Variety Meats	0.369	0.312	-15%	2.176	1.842	-15%	4.343	4.7	8%
Hides, Skins & Furs	0.142	0.149	4%	0.787	0.860	9%	1.677	1.6	-5%
Poultry Products	0.210	0.231	10%	1.356	1.488	10%	2.730	3.0	10%
Poultry Meat	0.181	0.194	7%	1.176	1.284	9%	2.353	N/A	NA
Dairy Products	0.056	0.072	29%	0.360	0.360	0%	0.719	0.7	-3%
Unmanufactured Tobacco	0.154	0.188	22%	0.855	0.893	4%	1.393	1.4	1%
Cotton and Linters	0.306	0.318	4%	2.313	1.547	-33%	3.028	2.6	-14%
Planting Seeds	0.063	0.082	30%	0.460	0.596	29%	0.727	0.8	10%
Horticultural Products	0.821	0.894	9%	4.901	5.308	8%	10.019	10.5	5%
Sugar & Tropical Products	0.141	0.155	10%	0.880	0.994	13%	1.886	2.1	11%
Forest Products 4/	0.623	0.639	3%	3.489	3.793	9%	7.060	N/A	N/A
Fish and Seafood Products 4/	0.305	0.330	8%	1.301	1.393	7%	2.867	N/A	N/A
Total Agriculture	5.464	4.975	-9%	32.071	31.240	-3%	59.792	56.5	-6%
Total Ag., Fish & Forest	6.393	5.945	-7%	36.861	36.426	-1%	69.720	N/A	N/A

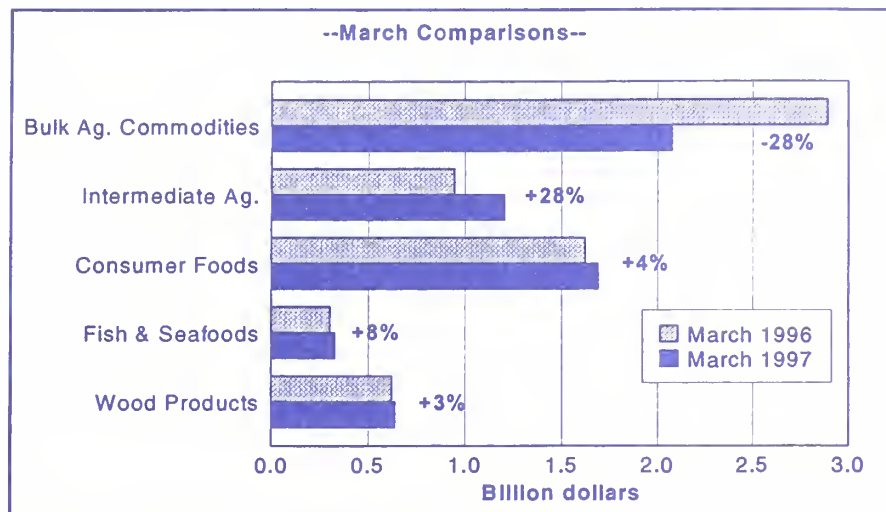
Export Volumes	---- MMT----			---- MMT----			---- MMT----		
			Chg			Chg			Chg
Grains and Feeds 1/	10.574	7.838	-26%	60.129	50.662	-16%	110.130	N/A	NA
Wheat	2.961	1.502	-49%	16.814	10.703	-36%	33.716	20.5	-39%
Wheat Flour	0.024	0.049	104%	0.218	0.256	18%	0.470	0.6	28%
Rice	0.225	0.213	-5%	1.524	1.501	-2%	2.831	2.4	-15%
Coarse Grains 2/	6.039	4.843	-20%	33.663	30.746	-9%	58.656	55.0	-6%
Corn	5.432	4.190	-23%	30.069	27.284	-9%	52.681	48.5	-8%
Feeds & Fodders	1.157	1.009	-13%	6.661	6.225	-7%	12.065	12.4	3%
Oilseeds and Products	3.280	2.965	-10%	19.342	23.661	22%	30.759	33.6	9%
Soybeans	2.545	1.820	-28%	14.563	17.641	21%	22.372	24.4	9%
Soybean Cakes & Meals	0.501	0.768	53%	2.952	4.109	39%	5.445	6.0	10%
Soybean Oil	0.031	0.137	343%	0.329	0.621	89%	0.450	0.8	78%
Other Vegetable Oils	0.103	0.113	9%	0.692	0.587	-15%	1.146	N/A	NA
Livestock Products 3/	0.311	0.245	-21%	1.858	1.496	-19%	3.791	N/A	NA
Beef, Pork & Variety Meats	0.113	0.101	-11%	0.685	0.628	-8%	1.410	1.5	6%
Poultry Products 3/	0.186	0.206	11%	1.191	1.277	7%	2.383	N/A	NA
Poultry Meat	0.182	0.201	10%	1.168	1.245	7%	2.330	2.7	16%
Dairy Products 3/	0.032	0.038	18%	0.252	0.190	-25%	0.445	N/A	NA
Unmanufactured Tobacco	0.022	0.027	23%	0.130	0.141	8%	0.218	N/A	NA
Cotton & Linters	0.172	0.193	12%	1.286	0.906	-30%	1.703	1.5	-12%
Planting Seeds	0.057	0.102	79%	0.355	0.738	108%	0.665	N/A	NA
Horticultural Products 3/	0.628	0.669	6%	3.589	3.681	3%	7.139	7.5	5%
Sugar & Tropical Products 3/	0.084	0.086	3%	0.533	0.581	9%	1.137	N/A	NA
Total Agriculture 3/	15.345	12.368	-19%	88.666	83.332	-6%	158.371	145.4	-8%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum; 3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals. N/A = not available.

FY 1997 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published February 24, 1997.

Monthly U.S. Agricultural Trade Summary: March 1997

Agricultural Exports Drop 9 Percent in March



U.S. *agricultural exports* totaled \$5 billion in March. This figure is virtually unchanged from the previous month, and 9 percent below the March 1996 level. As expected, bulk exports turned in a weaker performance, in part due to reduced grain and soybean exports. Consumer food export growth remained weak largely due to reduced red meat shipments. Intermediate product exports were up due to strong gains for soybean oil and meal.

U.S. fish and forest product exports rose in March. *Forest product exports* rose 3 percent to \$639 million supported by gains for value-added products. *Fish and seafood exports* rose 8 percent to \$330 million due to increased surimi (fish paste) and groundfish exports.

During the first half of fiscal 1997, total agricultural export value fell 3 percent compared with the same period last year. The current fiscal 1997 forecast of \$56.5 billion, reflects a 6-percent year-over-year decline. As observed in the past few months, the declining value of bulk commodity exports should continue to bring year-to-date sales and the forecast into alignment. Running 8 percent ahead of last year's pace, fish and forest product exports remain strong.

At \$2.1 billion in March, U.S. exports of *bulk commodities* were down 28 percent (\$817 million) from March 1996 levels. Large declines for wheat, corn, and soybean exports more than offset gains for other commodities. Soybean export

value was down 25 percent from March 1996 sales due to diminished stocks, while cotton exports rose on increased shipments to Brazil and Turkey. Bulk commodity exports totaled \$14.5 billion during the first half of fiscal 1997, down 12 percent (\$1.9 billion) from the same period last year. Soybean exports were up 25 percent over year-ago levels to \$5 billion due to higher export volume and prices, but were more than offset by lower wheat, coarse grain, and cotton exports.

At \$1.2 billion in March, U.S. exports of *intermediate products* were up 28 percent (\$261 million) from March 1996 levels. Increased soybean meal and oil exports to the EU-15 and Asia more than offset declines for feeds and fodders and animal fats. Intermediate product exports reached \$6.6 billion during the first half of fiscal 1997, up 14 percent (\$798 million) from the same period last year. Rising soybean product exports to China, other Asian PacRim countries, and the EU-15 account for most of the increase in the entire category. Planting seed exports are also making a major contribution to overall growth for the entire category this year. Exports of vegetable oils (other than soybean oil) and animal fats are running 21 percent and 32 percent behind last year's pace, respectively.

U.S. exports of *consumer-oriented products* totaled \$1.7 billion in March, up 4 percent (\$68 million) from the March 1996 sales level. Reduced exports of red meats, fresh fruit, and tree

nuts were more than offset by broad-based gains in other product groups. March marked the tenth month in a row of declines in the total value of chilled and frozen red meat exports. Consumer food exports reached \$10.2 billion during the first half of fiscal 1997, up only 3 percent (\$302 million) from the same period last year. Despite export gains to Mexico, chilled and frozen red meat export value is down 15 percent so far this year. Reduced beef shipments to Japan continue to slow sales for the entire product group. More than any other product, poultry meat has supported a rise in export value for the entire category. However, the pace of sales slacked during the second quarter due to slower sales to China and Poland.

At \$330 million in March, U.S. *fish and seafood exports* rose 8 percent (\$25 million) from March 1996 levels. Gains for surimi and groundfish more than offset losses for salmon (both whole and canned) and crab meat. Fish and seafood exports totaled \$1.4 billion during the first half of fiscal 1997, up 7 percent from the same period last year. Rising surimi and groundfish exports have more than offset declines for salmon.

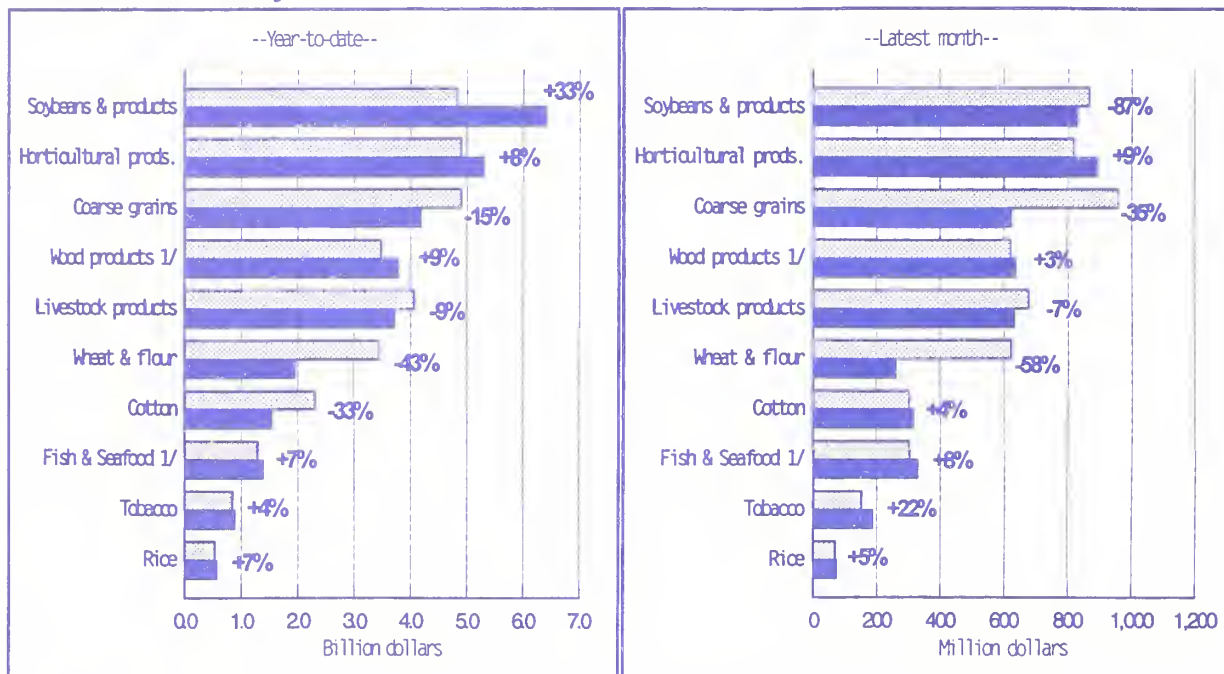
At \$639 million in March, U.S. *forest product exports* were up 3 percent (\$16 million) from March 1996 levels. Gains for lumber, panel products, and other value-added products more than offset a decline in log exports. Forest product exports totaled \$3.8 billion during the first half of fiscal 1997, up 9 percent from the same period last year. Export sales for the four major product groups were up, with lumber accounting for two-thirds of the overall increase for the entire category.

U.S. Agricultural, Fish, and Wood Export Summaries

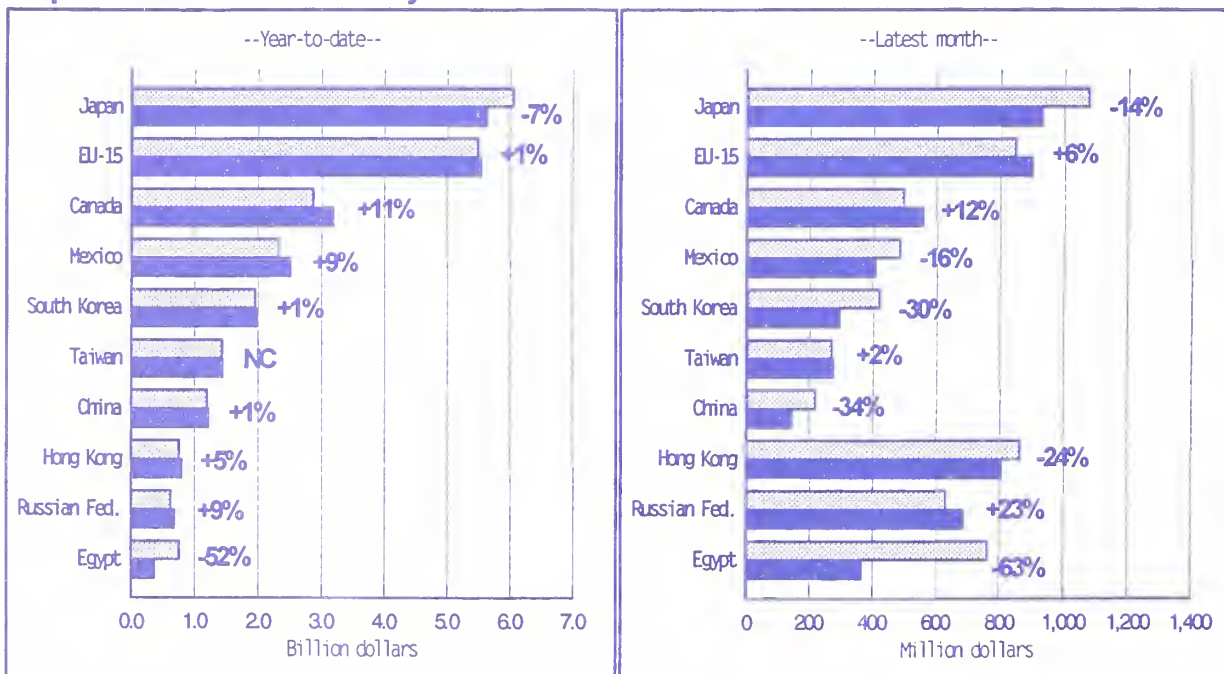
October-March and Latest Month Comparisons

FY 96 FY 97

Product Summary



Top Ten Markets Summary



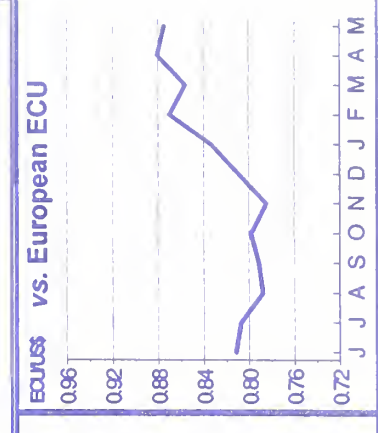
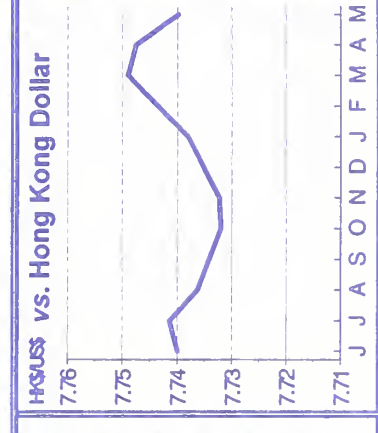
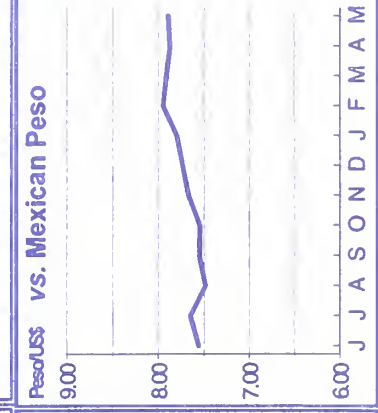
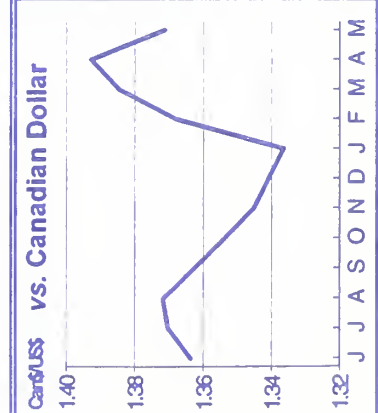
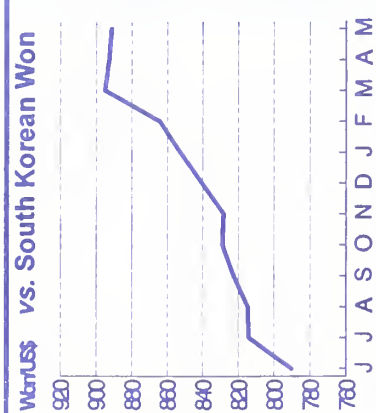
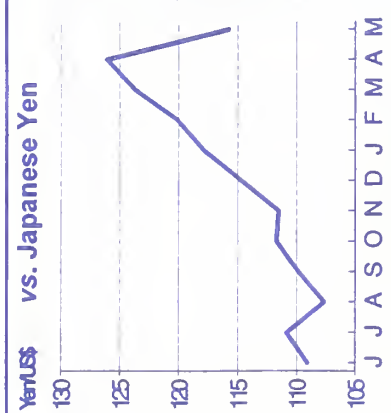
Note: Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Value Of U.S. Dollar Against Major World Currencies

Daily Spot Quotations & Monthly Averages

Currencies	Current Rate 5/19/97	Month Ago 4/16/97	Year Ago 5/96	% Change Year Ago 4/96
Argentine Peso	.9986	.9988	.9988	-0.02
Australian Dollar	1.2912	1.2950	1.2593	2.53
Brazilian Real	1.0730	1.0607	1.0750	-0.19
Canadian Dollar	1.3713	1.3972	1.3723	-0.07
Hong Kong Dollar	7.7398	7.7745	7.7356	0.05
Japanese Yen	115.75	125.75	107.10	8.08
Mexican Peso	7.8920	7.8840	7.4100	6.50
Taiwan Dollar	27.753	27.609	27.310	1.62
South Korean Won	891.25	893.85	780.75	14.15
European ECU	.87451	.88546	.81500	7.30
-British Pound	.6098	.6555	.6605	-7.68
-French Franc	5.7560	5.8570	5.1977	10.74
-German Mark	1.7085	1.7290	1.5340	11.37

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, May 19, 1997.
Source: CMP/OA/FAS Exchange Rate Database and Wall Street Journal.



USDA Trade Show Calendar

Taipei Int'l Food Industry Show

June 12-16, 1997

Taipei, Taiwan

● Number of visitors: 65,000

A well-established show in the third largest export market for U.S. consumer foods.

Alex Tu

CETRA Exh

Exhibition Department

Taipei World Trade Center Exhibition Hall

Room 2A-10, No. 5, Hsinyi Road, Sect. 5

Taipei, Taiwan

Tel: 011-886-2-725-1111 ext. 277

Fax: 011-886-2-725-1959

USDA Contact:

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Tel: 202-690-1182

Fax: 202-690-4374

E-mail: joneste@fas.usda.gov

Food & Hotel China

August 26-29, 1997

Shanghai, China

● Number of visitors: 13,426

An international show attracting exhibitors from 30 countries and thousands of high quality buyers from many provinces of China.

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Commerce Tours Int'l

870 Market Street, Suite 920

San Francisco, CA 94102

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Fax: 415-433-2820

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Fax: 202-690-4374

E-mail: grell@fas.usda.gov

SIAL Mercosur

August 26-29, 1997

Buenos Aires, Argentina

Municipal Exhibition Center

● A first-time show-targeting Mercosur, the unified market of Brazil, Argentina, Paraguay and Uruguay, representing 200 million potential consumers.

Julie Halas

IMEX Management, Inc.

6525 Morrison Boulevard, Suite 402

Charlotte, NC 28211 USA

Tel: (704) 365-0041

Fax: (704) 365-8426

USDA Contact:

Karl Hampton

Tel: (202) 690-0188

Fax: (202) 690-4374

E-mail: hampton@fas.usda.gov

Fine Food '97

September 7-10, 1997

Sydney, Australia

Exhibition Center

Australian Exhibition Services Pty. Ltd.

Illoura Plaza, 424 St. Kilda Road

Melbourne, Victoria 3004

Tel: 011-03-98674500

Fax: 011-03-98677981

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Gary Fountain

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Fax: 202-690-4374

E-mail: fountain@fas.usda.gov

...Trade Show Calendar

POLAGRA'97

October 2-7, 1997
Poznan, Poland

● Number of visitors: 232,000

With a rapid growing economy and population of 40 million, Poland constitutes one of the largest and most dynamic markets in Central Europe.

Agricultural Office/American Embassy
Al. Ujazdowskie 29/31
00-540 Warsaw, Poland
Tel: 011-4822-621-3926
Fax: 011-4822-628-1172

USDA Contact:

Maria Nemeth-Ek
Tel: 202-720-3623
Fax: 202-690-4374
E-mail: nemeth@fas.usda.gov

ANUGA '97*

October 11-16, 1997
Cologne, Germany

● Number of visitors: 350,000

The largest show in the world for the promotion of food and beverage products.

Teresina M. Leslie
USDA Foreign Agricultural Service
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14th Street & Independence Avenue, S.W.
Washington, DC 20250-1052
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E-mail: leslie@fas.usda.gov

DIETEXPO '97

October 18-20, 1997
Paris, France

● Number of visitors: 8,000

Dietexpo '97 brings together more than 300 natural/health food exhibitors, from all over the world.

Office of Agricultural Affairs

American Embassy

2, avenue Gabriel-75382 Paris Cedex 08, France

Tel: (33-1) 43 12 2245/2264

Fax: (33-1) 43 12 2662

E-mail: 106112.374@compuserve.com

Home Page: <http://www.usia.gov/posts/paris.html>

Mrs. Liz Hitchcock

Reed Exhibition Companies

International Sales

383 Main Avenue

Norfolk, CT 06851

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Heather Grell

Tel: 202-205-3771

Fax: 202-690-4374

E-mail: grell@fas.usda.gov

Tallinn Food Show '97

November 4-6, 1997

Pirita Fairs Center

Tallinn, Estonia

● Number of visitors: 18,000

Tallinn is also a "gateway" for trade with Russia (particularly St. Petersburg and Moscow) and the Ukraine.

Jolanta Andersonne
American Embassy, Raina
Blvd. 7, LV-1510
Riga, Latvia
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Fax: 011-371-7-227-390
E-mail: agriga@usda1.sprint.com

USDA Contact:

Chin-Zen Lin Plotner

Tel: 202-720-5138

Fax: 202-690-0193

E-mail: plotner@fas.usda.gov

...Trade Show Calendar

Vietnam Food & Hospitality Week '97

November 5-8, 1997
Ho Chi Minh City, Vietnam

HIECC

Export Promotion Services Agency
1205, Home Place Office Bldg.
283/62 Sukkhumvit 55 Rd.
Bangkok 10110
Tel: 011-662-712-7257
Fax: 011-662-712-7266

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Fax: 202-690-4374
E-mail: joneste@fas.usda.gov

Food & Hotel Philippines

February 18-21, 1998
Manila, Philippines

● The Philippines continues to emerge as one of the brightest prospects in Asia for growth in U.S. consumer-oriented foods exports.

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MEFEX '98

February 28-March 3, 1998
Bahrain Int'l Exhibition Center
Manama, Bahrain

● Number of visitors: 5,126

MEFEX is the Middle East longest running show at the heart of the US \$8 billion Gulf Cooperation Council food and beverage market.

Russell Hood
IMEX Management
6525 Morrison Boulevard, Suite 402
Charlotte, NC 28211
Tel: (704) 365-0041
Fax: (704) 365-8426

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Fax: 202-690-4374
E-mail: fountain@fas.usda.gov

Foodex Japan '98

March 10-13, 1998
Nippon Convention Center (Makuhari Messe)
Tokyo, Japan

● Number of visitors: 87,716

An essential and comprehensive stop for any business entering Japan's market.

Japan Management Association
3-1-22, Shibakoen Minato-Ku
Tokyo, Japan
Tel: 011-03-3434-0093
Fax: 011-03-3434-8076

USDA Contact:

Maria Nemeth-Ek
Tel: 202-720-3623
Fax: 202-690-4374
E-mail: nemeth@fas.usda.gov

...Trade Show Calendar

Great American Food Show-Korea*

March 17-19, 1998
Seoul, Korea

● Number of visitors: 3,500

Philip A. Shull
Agricultural Trade Office-Seoul
82 Sejong-Ro, Chongro-Ku
Seoul, Korea 110-050
Tel: 011-822-397-4297
Fax: 011-822-738-7147

USDA Contact:

Teresina Leslie
Tel: 202-720-9423
Fax: 202-690-4374
E-mail: leslie@fas.usda.gov

Food & Hotel Asia '98

April 14-17, 1998
World Trade Centre
Singapore, Singapore

● Number of visitors: 36,000

Food & Hotel Asia is the largest show held in Southeast Asia. It attracts buyers from Malaysia, Indonesia, Thailand, and the Philippines.

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San Francisco, CA 94102
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E-mail: leslie@fas.usda.gov

***USDA Sponsored Shows:**

USDA is involved in all aspects of show management and provides related services, including:

Assistance in sample product shipment, rental of floor space, booth design/layout, and marketing the show to potential exhibitors (primarily via mass mailing, invitations to special events, printing show directory) and hotel reservations for show participants.

USDA staff from Washington and the local U.S. Embassy provide support to exhibitors.

USDA Endorsed Shows:

USDA recommends these as best avenues to enter prospective market for consumer-oriented foods, and provides limited services related to these shows, including:

Marketing, mailing advertising material, referral to show organizer, setting up information booth or national pavilion, pre-show promotion, invitation of potential buyers.

Recommendation is based on market potential and commitment of USDA staff in the overseas posts. USDA staff overseas provides most of the related services.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE
1400 INDEPENDENCE AVENUE, SW
WASHINGTON, DC 20250-1004

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World Horticultural Products and U.S. Export Opportunities; and Tropical Products: World Markets and Trade (all available electronically after 3:00 p.m. Washington DC time on release day) as well as Sugar: World Markets and Trade; Livestock and Poultry: World Markets and Trade; Dairy: World Markets and Trade, and U.S. Planting Seed Trade (available within a week after release.)

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For more information on the FAS home page, contact Glenn Kaup, tel. (202) 720-3329; fax. (202) 720-3229; or via e-mail kaup@fas.usda.gov

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